

# HOUSE BILL No. 1076

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-7.

**Synopsis:** Randolph County economic development income tax. Repeals the authority of Randolph County to impose an additional 0.25% county economic development income tax to fund the renovation of the county courthouse and former county hospital.

**Effective:** November 19, 2002 (retroactive); January 1, 2003 (retroactive).

**Liggett**

January 7, 2003, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1076

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-7-5, AS AMENDED BY P.L.178-2002,  
2 SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 NOVEMBER 19, 2002 (RETROACTIVE)]: Sec. 5. (a) Except as  
4 provided in subsection (c), the county economic development income  
5 tax may be imposed on the adjusted gross income of county taxpayers.  
6 The entity that may impose the tax is:  
7 (1) the county income tax council (as defined in IC 6-3.5-6-1) if  
8 the county option income tax is in effect on January 1 of the year  
9 the county economic development income tax is imposed;  
10 (2) the county council if the county adjusted gross income tax is  
11 in effect on January 1 of the year the county economic  
12 development tax is imposed; or  
13 (3) the county income tax council or the county council,  
14 whichever acts first, for a county not covered by subdivision (1)  
15 or (2).  
16 To impose the county economic development income tax, a county  
17 income tax council shall use the procedures set forth in IC 6-3.5-6

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concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c) **and** (g), ~~and (k)~~, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), **or** (n), ~~or (o)~~, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). In addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of:
  - (A) fifteen-hundredths percent (0.15%);
  - (B) two-tenths percent (0.2%); or

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(C) twenty-five hundredths percent (0.25%); and  
 (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

~~(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). In addition to the rates permitted under subsection (b):~~

~~(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and~~

~~(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);~~

~~if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.~~

~~(k)~~ (k) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

~~(m)~~ (l) For:

(1) a county having a population of more than one hundred

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1 eighty-two thousand seven hundred ninety (182,790) but less than  
 2 two hundred thousand (200,000); or  
 3 (2) a county having a population of more than forty-five thousand  
 4 (45,000) but less than forty-five thousand nine hundred (45,900);  
 5 the county economic development income tax rate plus the county  
 6 adjusted gross income tax rate that are in effect on January 1 of a year  
 7 may not exceed one and five-tenths percent (1.5%).

8 ~~(n)~~ **(m)** For a county having a population of more than six thousand  
 9 (6,000) but less than eight thousand (8,000), the county economic  
 10 development income tax rate plus the county adjusted gross income tax  
 11 rate that are in effect on January 1 of a year may not exceed one and  
 12 five-tenths percent (1.5%).

13 ~~(o)~~ **(n)** This subsection applies to a county having a population of  
 14 more than thirty-nine thousand (39,000) but less than thirty-nine  
 15 thousand six hundred (39,600). In addition to the rates permitted under  
 16 subsection (b):

17 (1) the county economic development income tax may be imposed  
 18 at a rate of twenty-five hundredths percent (0.25%); and

19 (2) the sum of the county economic development income tax rate  
 20 and:

21 (A) the county adjusted gross income tax rate that are in effect  
 22 on January 1 of a year may not exceed one and five-tenths  
 23 percent (1.5%); or

24 (B) the county option income tax rate that are in effect on  
 25 January 1 of a year may not exceed one and twenty-five  
 26 hundredths percent (1.25%);

27 if the county council makes a determination to impose rates under this  
 28 subsection and section 24 of this chapter.

29 SECTION 2. IC 6-3.5-7-5, AS AMENDED BY P.L.192-2002(ss),  
 30 SECTION 121, IS AMENDED TO READ AS FOLLOWS  
 31 [EFFECTIVE NOVEMBER 19, 2002 (RETROACTIVE)]: Sec. 5. (a)  
 32 Except as provided in subsection (c), the county economic  
 33 development income tax may be imposed on the adjusted gross income  
 34 of county taxpayers. The entity that may impose the tax is:

35 (1) the county income tax council (as defined in IC 6-3.5-6-1) if  
 36 the county option income tax is in effect on January 1 of the year  
 37 the county economic development income tax is imposed;

38 (2) the county council if the county adjusted gross income tax is  
 39 in effect on January 1 of the year the county economic  
 40 development tax is imposed; or

41 (3) the county income tax council or the county council,  
 42 whichever acts first, for a county not covered by subdivision (1)

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or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), ~~(k)~~, and ~~(p)~~; **(o)**, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), **or** ~~(o)~~, ~~or (p)~~, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g) or ~~(p)~~; **(o)**, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection ~~(p)~~; **(o)**, in addition to the rates permitted by subsection (b), the:

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(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection ~~(p)~~; ~~(o)~~, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection ~~(p)~~; ~~(o)~~, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection ~~(p)~~; ~~(o)~~, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

~~(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p); in addition to the rates permitted under subsection (b):~~

~~(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and~~

~~(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);~~

~~if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.~~

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(~~h~~) **(k)** For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (~~p~~); **(o)**, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(~~m~~) **(l)** For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (~~p~~); **(o)**, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(~~n~~) **(m)** For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (~~p~~); **(o)**, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(~~o~~) **(n)** This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (~~p~~); **(o)**, in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(~~p~~) **(o)** In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

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(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

~~(q)~~ **(p)** If the county economic development income tax is imposed as authorized under subsection ~~(p)~~ **(o)** at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

SECTION 3. IC 6-3.5-7-25, AS ADDED BY P.L.192-2002(ss), SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under ~~section 5(p)~~ **section 5(o)** of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;

(2) must specify the calendar years to which the ordinance



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1 applies; and

2 (3) must specify that the certified distribution must be used for the  
3 purpose provided in subsection (e).

4 An ordinance adopted under this subsection may be combined with an  
5 ordinance adopted under section 26 of this chapter.

6 (d) If an ordinance is adopted under subsection (c), the percentage  
7 of the certified distribution specified in the ordinance for use for the  
8 purpose provided in subsection (e) shall be:

9 (1) retained by the county auditor under subsection (g); and

10 (2) used for the purpose provided in subsection (e) instead of the  
11 purposes specified in the capital improvement plans adopted  
12 under section 15 of this chapter.

13 (e) If an ordinance is adopted under subsection (c), the imposing  
14 entity shall use the certified distribution described in section 16(c) of  
15 this chapter to increase the percentage of the homestead credit allowed  
16 in the county under IC 6-1.1-20.9 for a year to offset the effect on  
17 homesteads in the county resulting from a county deduction for  
18 inventory under IC 6-1.1-12-41. The county auditor shall, for each  
19 calendar year in which an increased homestead credit percentage is  
20 authorized under this section, determine:

21 (1) the amount of the certified distribution that is available to  
22 provide an increased homestead credit percentage for the year;

23 (2) the amount of uniformly applied homestead credits for the  
24 year in the county that equals the amount determined under  
25 subdivision (1); and

26 (3) the increased percentage of homestead credit that equates to  
27 the amount of homestead credits determined under subdivision  
28 (2).

29 (f) The increased percentage of homestead credit determined by the  
30 county auditor under subsection (e) applies uniformly in the county in  
31 the calendar year for which the increased percentage is determined.

32 (g) The county auditor shall retain from the payments of the county's  
33 certified distribution an amount equal to the revenue lost, if any, due to  
34 the increase of the homestead credit within the county. The money shall  
35 be distributed to the civil taxing units and school corporations of the  
36 county:

37 (1) as if the money were from property tax collections; and

38 (2) in such a manner that no civil taxing unit or school  
39 corporation will suffer a net revenue loss because of the  
40 allowance of an increased homestead credit.

41 SECTION 4. IC 6-3.5-7-26, AS ADDED BY P.L.192-2002(ss),  
42 SECTION 128, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 26. (a)

This section applies only to homestead credits for property taxes first due and payable after calendar year 2006.

(b) For purposes of this section, "adopting entity" means the entity that:

(1) adopts an ordinance under IC 6-1.1-12-41(f); or

(2) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under ~~section 5(p)~~ **section 5(o)** of this chapter. An ordinance adopted under this subsection:

(1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

(2) must specify that the certified distribution must be used for the purpose provided in subsection (e).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection (g); and

(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase the percentage of the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to

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1 provide an increased homestead credit percentage for the year;  
 2 (2) the amount of uniformly applied homestead credits for the  
 3 year in the county that equals the amount determined under  
 4 subdivision (1); and  
 5 (3) the increased percentage of homestead credit that equates to  
 6 the amount of homestead credits determined under subdivision  
 7 (2).

8 (f) The increased percentage of homestead credit determined by the  
 9 county auditor under subsection (e) applies uniformly in the county in  
 10 the calendar year for which the increased percentage is determined.

11 (g) The county auditor shall retain from the payments of the county's  
 12 certified distribution an amount equal to the revenue lost, if any, due to  
 13 the increase of the homestead credit within the county. The money shall  
 14 be distributed to the civil taxing units and school corporations of the  
 15 county:

- 16 (1) as if the money were from property tax collections; and
- 17 (2) in such a manner that no civil taxing unit or school
- 18 corporation will suffer a net revenue loss because of the
- 19 allowance of an increased homestead credit.

20 SECTION 5. IC 6-3.5-7-22.5 IS REPEALED [EFFECTIVE  
 21 NOVEMBER 19, 2002 (RETROACTIVE)].

22 SECTION 6. **An emergency is declared for this act.**

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